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SUMMARY

Agenda Item: H.2/H.3

Afghanistan

PLANNING MACHINERY IN AFGHANISTAN

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PLANNING MACHINERY IN AFGHANISTAN

SUMMARY

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Economic development in Afghanistan started in the mid twenties, but planning in its fuller sense came a little later. The FirstFive Year Plan of the country started in September, 1956, and ended in 1961. The Second Five Year Plan commenced in March, 1962.

Planning in Afghanistan is founded on the principle of 'guided economy' which aims at exploiting the resources of both private and public sectors for the good of the country. As the resources and experience of private enterprise were found far too inadequate for a large scale effort, the State had to intervene in order to give the necessary push to the economy. Most of the investment has so far been devoted to the infrastructure: mainly transport, power and irrigation. Investment in human capital was also necessary in view of the narrow base of education and acute lack of technical knowledge and skills.

Due to statistical deficiencies of a major character, usual projections of economic growth are inappropriate. Only a partial, qualitative approach, based on a given set of broad objectives and priorities has been feasible. The two Plans appraised the general needs and requirements, and in the light of known potentialities determined broad objectives and 'targets' in diverse fields.

Some of the major difficulties experienced, apart from dearth of statistical data, have been scarcity of domestic financial and material resources and trained and skilled manpower. Despite an impressive increase of government revenues, income fell short of requirements. In addition, attempts were made to increase non-tax revenue by widening the scope of State trading (Government Monopoly). Simultaneously, efforts were also made to reduce construction costs.

The country needs, for some time to come, foreign economic and technical assistance. With the low level of incomes, savings are not sufficient to finance a rapid rate of growth. Production cannot be increased fast enough to meet expanding domestic requirements and at the same time increase exports enough to finance all of the needed capital equipment and technical services.

The Ministry of Planning is the pivot of the planning organization of the country. It is the chief coordinating and supervisory agency, but its functions are more advisory than executive. Along with the Ministry of Planning, the Ministry of

Finance has a vital role to play. These two Ministries must work together closely in the integration of budgeting and planning. Practically all the Ministries and Government departments now have planning units.

Achievements have been impressive in the field of electric power, coal, cement, transportation and education. There has been substantial expansion of textiles and a few other consumer industries. Large deposits of gas have been discovered which will be exploited during the current Plan.

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